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**FISCAL IMPACT STATEMENT**

**LS 6812**

**BILL NUMBER:** HB 1186

**NOTE PREPARED:** Jan 29, 2013

**BILL AMENDED:** Jan 28, 2013

**SUBJECT:** Incorporation of Towns.

**FIRST AUTHOR:** Rep. Price

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) The bill provides that proceedings for the incorporation of a town may be initiated by filing a written petition with the county executive of the county that contains all or a majority of the area of the proposed town.

It requires that the petition must be signed by at least 10% of the owners of land in the area of the proposed town.

The bill provides that if the county executive finds that the petition satisfies the statutory requirements, the county executive shall either:

- (1) adopt an ordinance incorporating the town; or
- (2) adopt a resolution to place a public question concerning incorporation on the ballot.

The bill requires petitioners to publish notice of the contents of the petition.

It allows only registered voters residing within the area of the proposed town to vote on the public question. It also provides that if a majority of voters vote "yes" on the public question, the county executive of each county in which the proposed town is located shall adopt an ordinance to incorporate the area as a town.

The bill prohibits another petition for incorporation from being filed within two years after the election at which a majority of voters vote "no" on the public question concerning incorporation.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** The Department of Local Government Finance (DLGF) reviews and approves budgets, levies, and tax rates for towns. Any incorporation of a new town will add to the DLGF's workload. However, the overall increase cost to the DLGF will be determined by the number of new towns incorporated under the bill and is not expected to have fiscal impact.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** To the extent that the petitioners rather than the county executive is responsible for certain notices and special election costs under the bill, the county costs of incorporating a town may be reduced.

Additionally, if a town can provide services for less than the individual residents can contract for the service or than a city annexing an unincorporated territory can provide the services, the property taxpayer in the new town may experience cost savings.

**Background and Additional Information:** The bill revises the method to incorporate territories into towns in Indiana, but it does not directly create any towns. If a new town is established under the bill, it will require the establishment of governmental structures to provide certain services that are provided by individual resident contract in unincorporated areas. Additionally, an unincorporated area that incorporates as a town would not be subject to annexation by nearby cities.

**Current Law** - Under current law, a petition for incorporation of a territory as a town is filed with the county executive of each county in which the territory is located. The county executive examines the petition and gives it to the planning commission to make a recommendation. The county executive then holds a public hearing and sends notice of the hearing. The approval of the petition to incorporate is subject to appeal and remonstrance. The county executive has final approval of the incorporation of a territory as a town.

(Revised) **Public Question** - Under the bill, a petition for incorporation signed by 10% of landowners in the proposed territory would be submitted to the county executive of the county that contains the majority or all of the territory for the proposed town. If the county executive determines the petition meets certain guidelines, the county executive will adopt a resolution to incorporate the town or place a public question on the ballot at the next general or primary election. If the territory is in more than one county and the question is affirmed, each county that contains part of the town would adopt an identical ordinance establishing the town.

If the petition includes a request for a special election, the petitioners must pay any costs of the special election. Additionally, the petitioners (instead of the county executive) would be responsible for posting notice in each county affected and for obtaining approval from the legislative body of a consolidated city within four miles of the proposed town or the legislative body of a second or third class city within three miles of the proposed town. [There is an exemption for Hancock County in current statute that would be continued under the bill.]

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Counties; Towns.

**Information Sources:**

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